

Exhibit I

Board's Fiscal Year 2001 Certification

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Washington, D.C. 20005



Telephone (202) 535-1271
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December 29, 1999

The Honorable Anthony Williams
Office of the Mayor
441 Fourth Street, N.W., Suite 1100
Washington, D.C. 20001

Dear Mayor Williams:

The Police Officers, Fire Fighters, and Teachers Retirement Benefit Replacement Plan Act of 1998, (the "Replacement Plan Act") effective September 18, 1998 (D.C. Code § 1-781.1 et. seq.) requires the District of Columbia Retirement Board ("Board") to certify to the Mayor and the Council, not less than thirty (30) days prior to submission of the Mayor's annual budget for the District of Columbia government to the D.C. Council, the normal contribution rate ("District payment") for each separate fund: (i) the Teachers' Retirement Fund ("Teachers' Fund") and (ii) the Police Officers and Fire Fighters' Retirement Fund ("Police and Fire Fund"), (collectively the "Funds") comprising the Funds. D.C. Code § 1-784.3(b)(1). The Replacement Plan Act further requires that the Mayor and the Council include in the annual budget for the District of Columbia an amount not less than the amount certified by the Board. D.C. Code § 1-784.3(b)(2).

I am writing to inform you that the Board approved the enrolled actuary's certification of the District fiscal year 2001 payment to the Funds (copy enclosed) at its monthly meeting on December 16, 1999. This letter constitutes the Board's statutorily required certification of the District's payment to the Funds for fiscal year 2001.

The following matrix incorporates amounts certified by the Board for the District's Fiscal Year 2001 payment to each of the Funds:

Retirement Fund	Normal Contribution Amount (Millions)
Teachers' Retirement Fund	\$0.2
Police Officers and Fire Fighters' Retirement Fund	\$47.4
Total FY 2001 Contribution Amount	\$47.6

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Explanation of Certification

As explained below, the amounts certified herein are based upon an initial allocation of the \$1.275 billion in October 1, 1997 assets¹ ("Replacement Plan assets") between the Funds that has not yet been approved by the Board. The method used to allocate the \$1.275 billion between the Teachers' Fund and the Police and Fire Fund affects the amount of the District contribution required for each Fund. When the final allocation method is determined, any required changes will be reflected in District payments certified by the Board in future fiscal years.

Legislative History

Title XI of the Balanced Budget Act of 1997 (Pub. L. 105-33, 111 Stat. 251) as amended (hereinafter the "Budget Act"), required the transfer of a material amount of accumulated assets and liabilities of the Funds to the Federal government, along with all accumulated assets and liabilities from the Judges' Retirement Fund. The Budget Act also gave complete discretionary authority to the Secretary of the United States Department of the Treasury ("Secretary") to: (i) control the timing of the asset transfer and, (ii) designate assets with a value of \$1.275 billion to remain with the District Retirement Funds. The Budget Act further required the District of Columbia government to adopt a replacement plan (i.e., the "Replacement Plan Act") to provide retirement benefits for the current retirement plans for teachers, and police officers and firefighters that were in effect frozen by the Budget Act as of June 30, 1997. While relieving the District of unfunded pension liabilities and providing for establishment of fully funded, actuarially sound replacement plans, neither the Budget Act nor the Replacement Plan Act provide a methodology, nor any guidance for allocating the Replacement Plan assets designated by the Secretary in fiscal year 1999 (\$1.275 billion plus employee contributions withheld and earned interest) between the Teachers' Fund and the Police and Fire Fund.

Allocation Methodology

One arguably discernable objective of the Replacement Plan Act is that future District contributions to the Funds be made in accordance with an actuarially sound funding method to prevent the District from incurring future unfunded liabilities. For compliance purposes, the Board's enrolled actuary chose to allocate the Replacement Plan assets between the Funds (in its "Valuation as of October 1, 1997 for Fiscal Year 1999") based upon the present value of future District benefits, to equally fund the two separate Funds. While the Board's actuary has confirmed that this allocation method is consistent with customarily established actuarial principles, there are several alternative actuarially sound methods available to allocate the

¹ October 1, 1997 assets (or "Replacement Plan assets") refers to assets designated by the Secretary of the U.S. Department of Treasury, pursuant to title XI of the Balanced Budget Act of 1997 (Pub. L. 105-33) as amended, to remain with the District Retirement Fund. D.C. Code § 1-764.3(b).

The Honorable Anthony Williams
December 29, 1999
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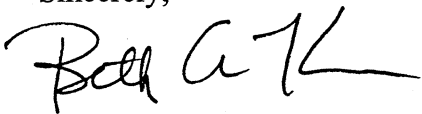
Replacement Plan assets, which appear both prudent and reasonable means of meeting the broad objectives of the Budget Act and the Replacement Plan Act. Depending upon the allocation method ultimately approved by the Board, the District's total contribution could be a different amount. In any event, the enrolled actuary (Milliman & Robertson, Inc.) has informed the Board that any changes that result from employment of a different methodology from that chosen by the actuary in 1997 (and used in successive years since) for allocating the Replacement Plan assets can and will be reflected in District payments to the Funds in future years.

It should be noted that approval of the allocation methodology for the Replacement Plan assets was not possible, and thus not a factor to be considered by the Board, until the Replacement Plan assets were designated for retention by the Funds. Designation of the Replacement Plan assets by the Secretary did not occur until April 30, 1999. Therefore, the Board's certification for the District's fiscal year 2001 payment to the Funds is the first opportunity for the Board to contemplate allocation options. Given the complexity of the allocation methodology options, and the resulting impact on the corpus of the separate Funds, the Board has undertaken this task at a prudently deliberate pace to insure that any final decision is fully informed.

As the Board considers the actuarially sound options in determining the appropriate asset allocation of the Replacement Plan assets, please be assured that the Board is exercising its responsibilities with the requisite standard of care, skill, prudence and diligence imposed on all fiduciaries to the Funds.

Should you have any questions, please do not hesitate to contact the Board's Executive Director, Jorge Morales at: (202) 535-1271.

Sincerely,



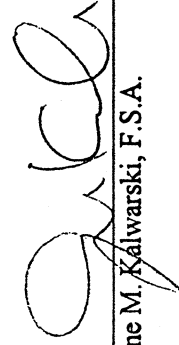
Betty Ann Kane
Chairman of the Board

Enclosure

cc: Trustees, D.C. Retirement Board

Required Actuarial Certifications
Under D.C. Law 12-152
for Fiscal Year 2001
(Dollars in Millions)

Certification	Code Section	Teachers	Police	Fire	Police/Fire Combined	Total District
FY 2001 Normal Contribution Rate	§1-784.3(a)(3)(A)	2.3% ¹	18.8% ¹	22.3% ¹	19.7% ¹	10.1% ¹
Estimated FY 2001 Covered Payroll	NA	\$291.4	\$175.1	\$63.2	\$238.3	\$529.7
FY 2001 District Payment before §1-784.2(c)	NA	\$6.6 ¹	\$32.9 ¹	\$14.1 ¹	\$47.0 ¹	\$53.6 ¹
FY 1999 Shortfall / Overpayment	§1-784.2(c)	(\$6.4)	\$0.7	(\$0.3)	\$0.4	(\$6.0)
FY 2001 District Payment	NA	\$0.2 ¹	\$33.6 ¹	\$13.8 ¹	\$47.4 ¹	\$47.6 ¹
Present Value of Future Benefits	§1-784.3(a)(3)(B)	\$802.5	\$1,333.6	\$533.7	\$1,867.3	\$2,669.8
Current Value of Assets	§1-784.3(a)(3)(C)	\$580.0 ¹	\$806.4 ¹	\$328.2 ¹	\$1,134.6 ¹	\$1,714.6
Actuarial Value of Assets	§1-784.3(a)(3)(D)	\$544.1 ¹	\$765.2 ¹	\$310.8 ¹	\$1,076.0 ¹	\$1,620.1


Gene M. Kalwarski, F.S.A.

12/20/99
(Date)

¹ These amounts are based on an initial allocation of the \$1.275 billion in replacement plan assets between the Teachers' and the Police Officers' and Firefighters' Retirement Funds that has not yet been approved as final. When the final allocation method is determined, any changes will be reflected in District payments in future fiscal years.